

DOCKET FILE COPY ORIGINAL

GUAM CABLE TELECOMMUNICATIONS, INC.

530 West O'Brien Drive
Agana, Guam 96910

July 3, 1997

Mr. William F. Caton
Acting Secretary
Office of the Secretary
Federal Communications Commission
1919 M Street, N.W., Room 222
Washington, D.C. 20554

Re: CCB Pol. No. 96-18, CC Docket No. 97-134;
In re Petition of Guam Public Utilities Commission
for Declaratory Ruling Respecting Sections 3(37) and 251(h) of the
Communications Act as amended

Dear Mr. Caton:

Guam Cable Telecommunications, Inc. ("GCT") hereby submits its comments in response to FCC Public Notice, CC Docket No. 97-134, released May 19, 1997, concerning the treatment of Guam Telephone Authority ("GTA") as an incumbent LEC for purposes of section 251 of the Communications Act.

In support of the Commission's adoption of its proposed rulemaking, GCT emphasizes that GTA is a prosperous, cash-rich entity which has been, and is, reaping monopoly profits -- at the expense of Guam's unprotected consumers.

I. GTA is a Privileged Monopolist

GTA's daunting advantages over all competitors compels LEC treatment. GTA's privileges are appreciable:

No. of Copies rec'd
List ABCDE

0211

- a. As an agency of the Government of Guam it:
 - 1. Pays no income tax.
 - 2. Pays no rent, and no real estate taxes.
 - 3. Acquires title to land at no cost from the territorial government and in fee simple.
 - 4. Pays no 4% Guam gross receipts tax. These payments for 1995 and 1994 would have been \$1,606,711.32 and \$1,524,429.60 respectively.
 - 5. Pays no pole rental to the Guam Power Authority for its overhead plant, which is a significant portion of its otherwise underground system.
- b. It enjoys long term financing at subsidized low interest rates from the Rural Electrification Administration ("REA").
- c. GTA has a staggering \$41,218,402 in retained earnings (1995 GTA Annual Report at 10).
- d. Due to its huge retained earnings, GTA is wealthy enough to self-insure its plant without the need to purchase costly typhoon insurance. (Typhoon insurance premiums are normally a major cost of doing business on Guam.)

- e. GTA operates America's 28th largest telephone network, with almost 70,000 customer lines, as well as approximately 5,000 cellular telephone units in service. (GTA is one of two cellular licensees on Guam, having acquired its license directly from the Commission as a sole applicant at minimal cost.)
- f. It publishes the highly lucrative official "GTA Telephone Directory," as another major source of profit.
- g. Last year GTA was granted permission by the PUC to charge inside wiring maintenance fees of \$1.25 per month per residential line, and \$2.25 per business line. Last month these rates were raised to \$1.50 and \$2.25 per month respectively. Such charges are classic governmental monopoly behavior -- especially considering just a few short years ago, GTA forced all customers to be responsible for inside wiring. Rather than informing customers of the inside residential wiring plan charges and then affording them the option to enroll in the program GTA chose to use a "negative option" -- automatically enrolling all subscribers in the plan unless they informed GTA of a desire to opt out. The additional inside wiring charges are not listed as a separate line item on GTA

monthly billings and we believe many customers are unaware of their ability to opt out.

- h. In a context where the territorial government runs a number of for-profit monopoly enterprises, including Guam Airport Authority, Guam Port Authority, Guam Power Authority and Guam Water Authority, GTA is the most profitable. Its 1995 net earnings were a fat \$5,532,901, or an average of \$79.04 per line, based on 70,000 lines. 1995 GTA Annual Report at 10.

Plainly, GTA is thriving. But at whose expense? Its tariffs have never been based on costs. At a time when GTA boasts of having just earned \$1 million in revenue "that was not anticipated" the people of Guam are paying higher rates than are needed to support a reasonable rate of return for a telephone company. See "GTA eases rate request", Pacific Daily News, June 11, 1997, at 1, copy attached. Using as a benchmark efficiency measurement the ratio of subscribers (access lines plus mobile subscribers) to the number of employees, GTA has almost twice as many employees per subscriber as other US Telcos. Competition would cure this. The price difference between a competitive market and Guam's monopoly market is that prices for services in a competitive market will be driven by actual costs as consumers choose from a range of alternative service providers. Presently, GTA's prices are determined by its unconstrained

profit optimizing behavior -- with only its rubber-stamping sister agency, the Guam PUC, to tame its appetite.¹

Despite its obvious high margins as an untaxed monopolist as reflected in its \$41 million retained earnings, GTA has not lowered its prices to its captive customers. Instead, it has invested in communications ventures overseas, such as PCS on Saipan, much to the alarm of the citizenry in Guam, as well as the governor, the speaker, and two congressmen of the CNMI.² This behavior is akin to that of an incumbent LEC³, as should be its treatment under Section 251.

The Communications Act is premised on the belief that new entrants will compete in local telephony markets. Under this competitive premise, there is simply no economic or policy

¹ If the Commission has any doubts as to the "rubber-stamping" proclivity of the PUC, it need only consider GTA's General Manager's June 10, 1997 response to a reporter's question whether the PUC would act favorably upon GTA's latest rate request: "[The Commissioners] will pass it, of course." See "GTA eases rate request," Pacific Daily News, June 11, 1997 at 1, copy attached.

² PDN, Marianas Variety and Tribune attached article[s].

³ "[L]ocal monopoly phone companies have enjoyed the best of both regulated and competitive worlds -- by taking guaranteed profits of their monopoly base and leveraging that cash flow to build up unregulated businesses. Working in conjunction with their parent companies, the Bells have taken money from local ratepayers and channeled it into high-risk, unregulated businesses such as video, credit cards, interactive television and even railroads." September 1996 report by the Consumer Federation of America, "Excess Profits and the Impact of Competition on the Baby Bells."

justification for allowing GTA to continue abusing its monopoly. Treating GTA as an incumbent LEC will allow consumers to choose among providers, thus ensuring lower prices, greater choices, and higher quality service.

GTA's demonstrated anti-competitive behavior is compelling evidence of the need for incumbent LEC treatment. Without such treatment, GTA will have no incentive to release its stranglehold on the Guam market. And without competition, GTA will never voluntarily provide reasonable subscriber rates, or non-gouging home wiring maintenance fees, let alone compete fairly without relying on its captive customers to cross-subsidize its various competitive ventures. Demonstrably, the PUC cannot be looked upon to help.

Failure to grant incumbent status will undermine the long term competitiveness of the American telephony market as made applicable to Guam and could delay, or close off entirely, the prospects for competition in Guam. Since April 26, 1996 GCT has made repeated attempts to open negotiations with GTA on telecommunications issues such as, but not limited to resale, access to rights of way, collocation and participation in public telecommunications network planning and design. During a special meeting of the PUC on September 19, 1996, GTA presented the PUC a draft stipulation that they would not in any way seek to forestall or inhibit the development of competition on Guam. The stipulation itself was not delivered to the PUC

until November 13, 1996. A copy of this stipulation, PUC September 19, 1996 special meeting minutes is attached along with fax correspondence (GCT February 13, 1997, GCT February 26, 1997, GTA February 28, 1997, and GCT April 9, 1997) demonstrating the difficulty we encounter when attempting to initiate "Good Faith Negotiations" with GTA. A ruling by the Commission to "treat" GTA as an ILEC will clearly define the rules for future negotiations and open the door for competition.

CONCLUSION

As intended by Congress, competition in the local markets of America is inevitable. The resounding request to the Commission from Guam is: Please don't leave us out.⁴ The Communications Act was premised on the belief that new entrants could quickly enter monopoly markets; that competition would flourish everywhere -- even distant Guam.


Guam deserves the rewards of competition, not the shabby treatment of a monopolist.

The Commission should make final its proposed rulemaking.

Respectfully submitted,

⁴ See para. 12 of Declaratory Ruling and Notice of Proposed Rulemaking, CCB Pol. 96-18 (Com. Car. Bur. Rel. May 19, 1997) ("All of the other commentators [Other than GTA] urge the Commission to minimize GTA's ability to impede competitive entry and preserve its monopoly status." (footnote omitted)).

Federal Communications Commission
July 3, 1997


Ric Novak
General Manager

cc: Ms. Janice Myles Express Mail
Common Carrier Bureau
Federal Communications Commission
Room 544
1919 M Street, N.W.
Washington, D.C. 20554

International Transcription Services, Inc.
2100 M Street, N.W. Suite 140
Washington, D.C. 20037

Mr. Terrence Brooks Via Fax (477-0783)
Chairman
Guam Public Utilities Commission
Suite 400 G.C.I.C. Building
P.O. Box 862
Agana, Guam 96910

Mr. Vincente M. Camacho Via Fax (649-GTA1)
Guam Telephone Authority
P.O. Box 9008
Tamuning, Guam 96931

Mr. James S. Underwood Via Fax (649-0008)
Telepacific Network, Inc.
HBC Suite 201 Llipog Drive
Harmon Industrial Park
Tamuning, Guam 96911

GUAM TELEPHONE AUTHORITY
(A Public Corporation)

Statements of Earnings and Retained Earnings
Years Ended September 30, 1995 and 1994

	<u>1995</u>	<u>1994</u>
Operating revenues:		
Basic local network services	\$ 27,058,160	\$ 23,609,657
Long distance network service	12,262,955	13,861,126
Miscellaneous	1,382,746	1,011,637
Less: uncollectible revenues	<u>(536,078)</u>	<u>(371,680)</u>
	<u>40,167,783</u>	<u>38,110,740</u>
Operating expenses:		
Plant specific operations	10,578,870	11,762,379
Plant nonspecific operations	2,788,470	2,760,421
Depreciation	8,257,037	7,010,147
Customer operations	3,538,579	3,728,972
Corporate operations	<u>5,593,257</u>	<u>5,699,115</u>
	<u>30,756,213</u>	<u>30,961,034</u>
Operating income	<u>9,411,570</u>	<u>7,149,706</u>
Fixed charges :		
Interest on long-term debt	6,529,802	5,920,569
Other interest	907,891	827,537
Interest charged to construction-credit	<u>(1,904,792)</u>	<u>(1,801,278)</u>
	<u>5,532,901</u>	<u>4,946,828</u>
Dividend, interest income and other	<u>1,189,938</u>	<u>767,422</u>
Net earnings	5,068,607	2,970,300
Retained earnings at beginning of year	<u>36,149,795</u>	<u>33,179,495</u>
Retained earnings at end of year	\$ <u>41,218,402</u>	\$ <u>36,149,795</u>

See accompanying notes to financial statements.

Pacific Daily News

©1997 Guam Publications, Inc.

A Gannett Newspaper

1. 28 NO. 130 AGANA, GUAM, JUNE 11, 1997

Hafa Adai, it's Wednesday

75¢ on Guam

GTA eases rate request

■ **'Lifeline':** Authority drops increase in line charge, wants subsidy for low-income callers

By LALAINE ESTELLA
Daily News Staff

The Guam Telephone Authority yesterday toned down its request for a rate increase and said it wants to start a new program to subsidize phone service for low-income customers.

The agency announced its new "lifeline" proposal before a public hearing yesterday at the Public Utilities Commission, which is considering the agency's request for a rate increase.

The phone agency yesterday dropped its plans to raise residential line charges from \$1 per month to \$2.50 per month. It also said it no longer wants to increase the business line charge from \$2 per month to \$4 per month.

The agency, however, still wants to increase the inside wiring maintenance charge from \$1.25 to \$1.50 for homes and from \$2.25 to \$2.75 for businesses.

GTA also wants to increase the cost of directory assistance from 25 cents to 45 cents, but has dropped its proposal to eliminate the three free directory calls that customers get each month.

□ See PHONE, Page 4

Proposed residential rates	
	now/proposed
Monthly charge:	\$14/\$14
Inside wiring maintenance:	\$1.25/\$1.50
Subscriber line charge:	\$1/\$1
Monthly total:	\$16.25/\$16.50
Directory assistance:	25 cents/45 cents
Source: Guam Telephone Authority	

Phone: \$1M windfall revenue

□ Continued from Page 1

In a written statement released yesterday, the agency said it decided to change its rate request and offer a lifeline program because it will collect more money this year than it expected.

The agency said above-average growth in the business sector and improved accounting policies at the agency are the reasons for the windfall.

According to Carl Thorsen, GTA's consultant, the agency saw \$1 million in revenue that was not anticipated in its 1997 budget.

Thorsen also mentioned to Utilities commissioners that GTA is saving about \$100,000 by not filling all of its vacant employee positions.

The lifeline program is expected to cost about \$600,000 a year, and would be for those who are on such programs as Medicaid, food stamps, supplemental security income and federal or Guam public housing assistance, according to the statement.

GTA will present its lifeline proposal to the PUC by Sept. 1, according to the statement.

Chamber of Commerce against

Chamber of Commerce representative Frank Campillo last night said GTA shouldn't be allowed to raise its monthly charges.

Campillo was among several concerned residents who testified against the telephone authority's rate increase request.

"GTA today has almost twice the number of employees per subscriber than the national average," Campillo said. "The agency clearly needs to examine and reduce its operating costs before asking for a rate increase. GTA has also missed revenue-generating opportunities that should be reviewed prior to requesting any further rate increases."

Campillo said the telephone authority could charge customers for caller ID services, for example.

'We did great'

Vicente Camacho, general manager of the telephone authority, was confident that he and consultant Thorsen presented a thorough case for a rate increase to the utilities commission.

"(The commissioners) will pass it, of course," Camacho said after the hearing. "We did great."

The utilities commission will meet at the GCIC Building on Thursday at 5:30 p.m. to vote on whether to reject or approve GTA's request for rate increases. The public is invited to attend.

GTA requested a similar rate increase last year, which was granted by the PUC in October.

Carriers expect rates to go up ... or go down

By ERIN LUM
Daily News Staff

With the July 1 implementation of GTA's Feature Group D program, island residents can expect changes in the amount they pay for long-distance calls.

Whether residents will pay more or less for their long-distance calls is a matter of opinion.

In the past, long-distance carriers paid the Guam Telephone Authority a flat rate of 12.8 percent of their revenues. Beginning in July, they'll start paying GTA on a per-minute usage basis.

John Day, president of PCI Communications Inc., says the change in the way GTA is paid will affect long-distance carriers' rates.

"Right now, we have a 10-cent-a-minute economy rate to the U.S., of which we pay 1.2 cents to GTA," Day said. "When Feature Group D is implemented, we'll be paying them 6 to 6.5 cents a minute. As you can see, that will have a dramatic impact on rates, and it's our feeling that they'll go up."

While Jay Merrill, director of marketing for Sprint, agrees that carriers will be making less profit on customer calls to the United States, he says international calls will help to offset them. "I think Feature Group D will work to bring rates down," he said. "The competition will work to lower them."

In addition to Feature Group D, rate integration will be implemented on Aug. 1. With the change, Guam will be considered a domestic location instead of an international location for long-dis-

□ See RATES, Page 4

* Rates: Integration ties Guam to U.S.

□ Continued from Page 1

tance calls. According to Vicente Camacho, general manager of GTA, the program will increase competition between long-distance carriers serving the island. "If we're considered domestic instead of international now, they'll (carriers) be able to charge domestic rates, and that competition will make the prices go down," he said.

But others say it won't be that simple. GTE's Sales and Marketing Manager Roland Franquez says charging local residents domestic rates could make long-distance use even more expensive. "If domestic rates are higher than those on Guam, those rates will prevail," he said. "Rate integration means whatever you charge in the U.S., whether it be higher or lower, will be the same for Guam."

Michael Weidman, senior manager of Guam operations for MCI International agrees, pointing out that coming changes in operation costs may be passed on to the customer. "At one point or another, rates will have to go up to offset these tariffs," he said.

Most long-distance carriers expect rates to change with rate integration, but others say their prices will not be affected. According to Jackie Chandler, spokeswoman for IT&E, "Historically, IT&E has never raised its rates and there's no plan to do that now — even with integration."

Winds, rains, floods

By Rick Alberto

Variety News Staff

TYPHOON Yates, upgraded into a super typhoon, took its time in coming yesterday, with people keeping watch the whole morning and afternoon.

Saipan was virtually at a standstill as government offices and schools closed. Many private-sector offices sent their employees home at 12 noon.

Hotels, restaurants, buildings, and homes boarded up their doors,

windows, and glass panels to prepare for the typhoon's coming.

Yates was earlier forecast to start hitting hard Saipan and Tinian by 4 p.m. yesterday, but by the time it was only starting to build up, with fairly strong winds lapping the normally placid coastal waters around Saipan.

As of 2 p.m. Yates was upgraded into a super typhoon, with maximum sustained winds of 150 miles per hour and gusts to 185 mph.

It was expected to pass about 40 miles north of Saipan and Tinian at 8 last night. Earlier it was forecast to be closest to Saipan at 95 miles to its north at 4 p.m. yesterday.

The government designated as evacuation shelters Tanapag, Garapan, San Vicente, William S. Reyes, Kobierville and Oleai Elementary Schools, and Marianas High School.

The Office of the Governor's Public Information and Protocol

Office issued a special bulletin urging people to refrain from driving except for "extreme emergency."

"The safest place to be in any typhoon, and especially in a super typhoon, is indoors, in a boarded, building," the bulletin said.

According to the National Weather Service in Guam, strong winds, heavy rains, showers and thunderstorms are expected until today.

The Commonwealth Utilities

Corp. said many residents would either not be receiving water or be receiving less water from their faucets until the weather clears as most of its main reservoirs had

Continued on page 18

Yates keeps police busy

By Ferdie de la Torre

Variety News Staff

THE DEPARTMENT of Public Safety has doubled up its personnel on a 24-hour duty as super typhoon Yates hit Saipan and Tinian yesterday.

Public Safety Information Officer PO2 Arnold K. Sema told the Variety that DPS intensified its patrol out in the streets to monitor any eventuality brought by Yates.

Sema said the officers were also fielded to advise the general public to take precautionary measures.

For safety purposes, he said the police would try their best to limit the vehicles in the streets as travelling is hazardous during bad weather.

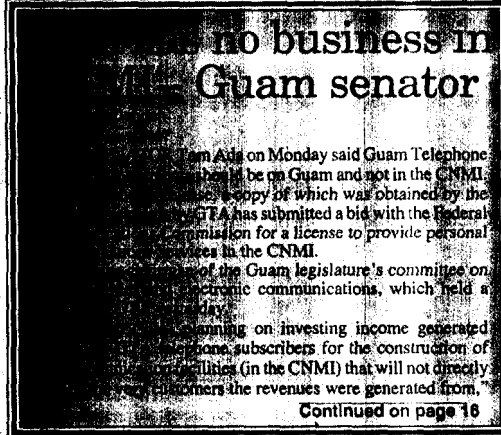
"The police officers will take

Continued on page 18



Thai House Restaurant owner Jack Hudak (right) gets help from Nemrod Batema in securing his establishment's neon billboards as winds brought by super typhoon Yates gained strength yesterday noon.

Photo by Ferdie de la Torre



Cing to DPW chief: 'Keep your word'

By Zaidy Dandan

Variety News Staff

SENATOR David M. Cing (D-Tinian) yesterday said he is glad that Gov. Froilan C. Tenorio has promised to look into the road improvement needs of Rota and Tinian, but what the two islands need are actual deeds not mere words.

"The governor's statements are good, but he'll not be governor forever," Cing said.

"Who's going to carry out his promise?"

Tenorio, in a recent interview, said he is not neglecting the road improvement needs of Rota and Tinian.

"What we're doing is we're addressing where the (more serious) problems are, and once we take care of the problems over here we go to Tinian and take care of their problems," he said.

According to Cing, however, Rota and Tinian need only \$1 million a year for the next seven years.

"We don't want to argue with

the governor," he said. "We agree that Saipan has bigger traffic problems, but we also need road improvements and we're not even talking about widening roads on Rota and Tinian—we have two-lane roads only."

Cing said the two islands will continue to fight for their share of federal highway funding.

"We can't get anything done without a compromise," he said.

At the same time, Cing said Public Works Secretary Edward

Continued on page 18

Continued rise in teen pregnancy rate foreseen

By Ferdie de la Torre

Variety News Staff

THE DEPARTMENT of Public Health Services is anticipating a continued rise in the teenage pregnancy rate among the indigenous population in the CNMI.

Public Health Medical Director Dr. Jon P. Bruss said the increase may be expected on the basis that the CNMI has a lower Guam's rate of teen pregnancy patterns. He, however, stressed that the latter has a higher teenage

pregnancy rate than the US. Bruss said the rate here was 10.5 percent, compared to the US rate of 7.5 percent. He also noted that the rate here was 18 percent for the 18 to 19 age group, compared to the US rate of 4.5 percent.

On the other hand, Bruss said the rate here was 20 percent for the 20 to 24 age group, compared to the US rate of 10 percent. He also noted that the rate here was 33 percent for the 25 to 29 age group, compared to the US rate of 15 percent.

Bruss said only 20% of these adolescents are using contraceptives, and only 33% are using condoms during sexual intercourse.

"This is concerning for both future trends in teenage pregnancy and the transmission of HIV and other STDs," he said. The primary focus of the Family Planning Program, Bruss stressed, is the prevention of teenage pregnancy.

"Many of the teenage pregnancies are among high school students."

Continued on page 18



Dead man ordered arrested

By Mar-Vic C. Munar
Variety News Staff

WHAT could be a worse act of desecration than ordering the arrest of a dead man?

Thus was the case of a dead convict whom Superior Court Judge Miguel Demapan has ordered arrested for contempt of court's sentencing order.

The man, whom the *Variety* decided to identify only as J.S., was convicted for traffic violation in November 1994. He was ordered to perform 200 hours of community service work, and placed on a five-year probation.

On Sept. 17, Demapan recommended the issuance of a bench warrant and set a \$300 bail for J.S. for his "failure to complete his community work service."

According to the Court's own records, J.S. died last June 9, almost three months prior to the issuance of the warrant.

If this was some kind of a joke, Chief Public Defender Dan DeRienzo didn't find it funny.

DeRienzo filed Friday a motion to withdraw the bench warrant "out of respect for the dead and respect for the grieving family."

DeRienzo said the court's blunder indicated "a symptom of a much larger problem facing the Probation

Office and our criminal justice system."

"A request for and issuance of an arrest warrant for the lifeless should not occur in a system which is functioning properly," DeRienzo said.

Authorities concerned must have been remiss on their job, DeRienzo said.

Had the Probation Office conducted an investigation, DeRienzo said, it would have found out that J.S. "spent

a considerable amount of time in the hospital prior to his death."

Otherwise, he said, how could have the Probation Office concluded that J.S. "willfully" or "openly" defied the court's order.

Who knows why the warrant was issued despite the existence of J.S.'s death record.

The problem, DeRienzo, "is that the Probation Office is making erroneous evaluations with respect to the

need to revoke or issue warrants."

The Probation Office, for example, does not write letters to make any attempt to contact a probationer, DeRienzo said.

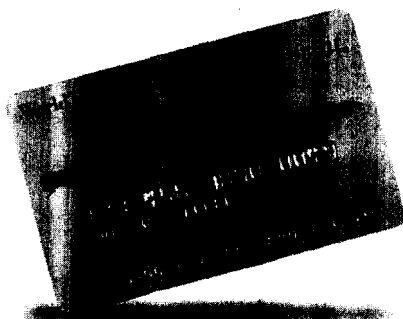
"Very often," he added, "the Probation Office will use the court simply to get a probationer's attention. This is like using a sledge hammer to swat a fly."

"As long as we continue to enable the Department of Probation to

file charges of request warrant without imposing upon them requirement to try to work something out with a probationer, we ourselves, as officers of the court become designated probation officers for default," DeRienzo said.

"This is not efficient for taxpayers. This will also, as he said, result in embarrassment for the criminal justice system."

More flexible than a phone
and
costs less,
too.



Introducing
Sprint's World *Traveler* FONCARD.

The calling card that offers lower long distance rates.

Sample rates to the U.S.

		1st min	add'l min.
TUESDAY THRU FRIDAY	5AM - 5PM	1.45	0.84
	5PM - 11PM	1.45	0.76
	11PM - 5AM	1.45	0.59
SATURDAY THRU MONDAY	5AM - 11PM	1.45	0.71
	11PM - 5AM	1.45	0.59

Seeing is believing. With the Sprint World *Traveler* FONCARD you can cut the cost of long distance calling. It's as easy as dialing a local access number (235-0333) and all of a sudden the world is yours to call.

The calling card will let you make calls from any phone and still enjoy the same low rates. You'll be able to reach over 300 countries serviced by Sprint worldwide and carry your long distance savings with you wherever you travel. And you'll never be bothered with surcharges for using the card.

To qualify for the World *Traveler* FONCARD, you need to have a Visa, MasterCard, or American Express card. To find out more about the World *Traveler* FONCARD, drop by **SAIPAN PACIFIC** or **PacificCom** today or call 235-5678.

No ordinary long distance service offers so many options. But then again, Sprint isn't an ordinary long distance company.



Apply for the Sprint World *Traveler* FONCARD today.

2 3 5 - 5 6 7 8

RATES SUBJECT TO FCC APPROVAL

Saipan FONCARD access number: 235-0333 • Rota FONCARD access number: 828-0333 • Tinian FONCARD access number: 828-0333
Saipan customer service number: 235-5678 • Rota customer service number: 532-5678 • Tinian customer service number: 433-0382

What's GTA doing here? Torres asks

By Zaldy Dandan
Variety News Staff

GUAM TELEPHONE Authority (GTA) has participated in the bid for a Federal Communications Commission license to provide personal communications services in the CNMI.

A member of the CNMI Legislature wants to know why.

"GTA is a Guam government entity. What's their business here in the CNMI which has an entirely different telephone system from Guam?" the legislator who requested anonymity said in a phone interview last night.

"Is this another ploy to counter (Micronesia Telecommunications Corp.'s) fiber optic project?" he said.

GTA is said to be against MTC's fiber optic cable project.

The legislator said he only found about GTA's "new role" in a Sept. 19 letter from Guam Sen. Thomas C. Ada who has invited House Speaker Diego T. Benavente to the Sept. 25 hearing of the Guam legislature's committee on water, utilities and electronic communications.

"Why does a government agency of Guam want to participate in a commercial business in a different political entity?" the legislator said.

Ada said the hearing will review the GTA's recent participation in the FCC bid.

"As the license would allow GTA to establish operation in the CNMI, I would like to offer an invitation to you to participate in the hearing as either an observer or to provide testimony," Ada said.

'Big bucks' for Aloot

By Rafael H. Arroyo
Variety News Staff

THERE IS truth to speculations that a better monetary deal was behind C. Sebastian Aloot's decision months ago to give up the helm of the Attorney General's Office.

An independent contract Aloot entered into with the government indicates he will be receiving \$180,000 per annum for a part-time legal consultancy job with the Administration, or about three times what he was getting as full-time acting AG.

The contract, a copy of which was obtained by the Variety over the weekend, provides that twenty percent of the \$180,000, or

\$180,000 a year in retainer fee, plus 'many other pluses'



C. Sebastian Aloot

\$36,000 is payable upon execution of the agreement plus the first of the \$12,000 monthly payments for a total of \$48,000 upfront. Contract period is Sept. 1, 1996 to August 31, 1997.

Aloot served as acting AG for most of Gov. Tenorio's term of office.

Asked when talk about his possible resignation surfaced in late August, Aloot confirmed he was

moving out of the AGO to engage in private practice "but insisted he would continue serving the Administration."

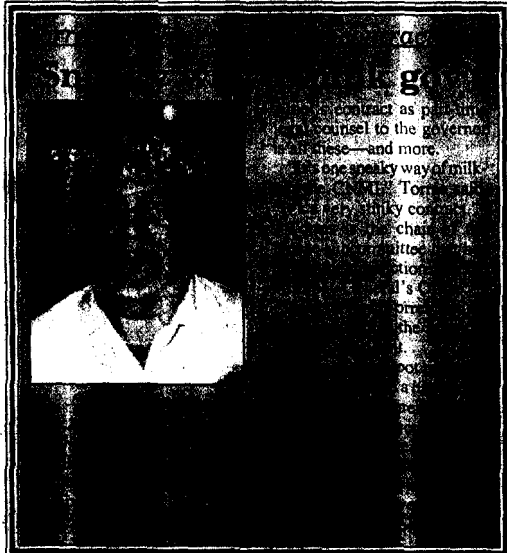
Under his new contract, Aloot only needs to render 100 hours of professional services each month. Beyond that, he is to be paid \$150 per hour for his services, calculated using minimum increments of 15 minutes.

In addition to his consultancy

fees, the government shall reimburse Aloot for all costs and expenses he incurs in providing professional services, including but not limited to:

- messenger, courier and delivery fees;
- electronic legal research charges;
- deposition and transcription costs;
- investigation costs;
- document photocopy repro-

Continued on page 16



Crime Stoppers offers \$1,000 reward on Coria murder case

THE CRIME STOPPERS has offered a \$1,000 reward to anyone who provides information leading to the arrest and conviction of the killer of a young woman.

Acting Police Chief Information Officer Sgt. Franklin Baker encouraged anyone who has information about the suspect to contact Crime Stoppers Hotline at 972-7272.

Information for the reward will be kept confidential. The Department of Police is seeking any information that would help solve the case properly, how the suspect was involved in the murder and the suspect's motive.

Virginia Delito Coria, 32, was found murdered last Tuesday night, her body lying on the back of a car.

Coria, a member of Jehovah's Witnesses, was apparently sleeping when the suspect's broke into her room through the back door located behind K-Store in Guam.

Babautz said an autopsy was conducted Tuesday night to determine Coria's cause of death.

Continued on page 16



SH. CARES. Koror senatorial candidate Margie "Margarita" Borja poses with some of her supporters during yesterday's rally at the Carolinian Ut. From left to right: Borja, Maria J. Borja, Doris Ngiralds and Johanna Otagura. Photo by Eral A. Cabatbat

GTA should not compete with private sector here, says speaker

By Zaidy Dandan
Variety News Staff

PUBLICLY-funded Guam Telephone Authority should not compete with the private sector in the CNMI, House Speaker Diego T. Benavente said.

Benavente is the latest CNMI government official to publicly oppose Guam Telephone Authority's (GTA) plans to operate a personal communication services (PCS) in the CNMI.

PCS is similar to cellular telephone services.

In a letter to Guam Sen. Thomas C. Ada, Benavente said "the whole matter raises more questions...than provides answers."

Among the questions Benavente said GTA should answer are:

- Is the (GTA plan) the first part

of a strategy that will take away other communications businesses from the CNMI?

Will it serve as a marketing arm to feed traffic back to Guam at the expense of private telecommunications companies operating in the CNMI?

Since a Guam government-funded entity is using public funds to compete against the private sector, will any or all profits from the operation flow back to Guam?

If GTA's venture fails, will they walk away from the CNMI leaving no alternative PCS provider? If they rescind the license will they sell it at their cost or at an increased price, making PCS services more costly?

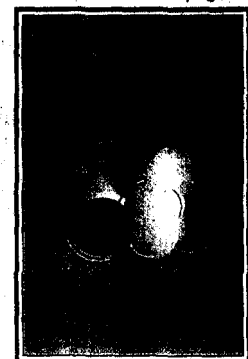
Ada sued GTA early this month over its participation in the bidding process for the CNMI's PCS.

He is asking Guam's Superior Court to declare GTA's invest-

ment plans in the CNMI illegal.

Rep. Crispin I.D.L. Guerrero last week said he and two other legislators may join a Guam lawmaker's lawsuit against the Guam Telephone Authority.

Continued on page 16



At the movies

De Niro, Pitt, Hoffman, Bacon star in 'Sleepers'

By BOB THOMAS
LOS ANGELES (AP)—Dumas' classic novel of revenge, "The Count of Monte Cristo," provides the theme of "Sleepers," an engrossing, highly original film from Barry Levinson ("Rain Man").

During a period of terrible degradation, a boy acquires a copy of "The Count of Monte Cristo," in which an unjustly convicted man in later years plots recrimination against his tormentors in prison. The boy, and another companion who admired the book, grow up and devise an elaborate plot to bring doom to their own captors.

Levinson, who directed, wrote and co-produced "Sleepers," managed to attract a dream cast of male stars. Yet, with two exceptions, he uses them only in the second half of the film.

Based on a book by Lorenzo Carcatena, the story begins with four young buddies in New York's Hell's Kitchen, from which have emerged such achievers as James Cagney plus an array of candidates for the electric chair.

The boys, most of them from brutal households, band together and engage in street games and petty crimes.

The parish priest (Robert De Niro) has come from such a background himself, and he tries to counsel the boys about right and wrong. His lessons seem to have little effect.

One day, the boys play a prank on a hot dog seller. The mischief results in a terrible accident, and the boys are tried and sent to a reform school. The place proves worse than anything

Dumas pictured at the Chateau D'If.

The four inmates are commiserated by a sadistic guard (Kevin Bacon at his nastiest). With three other guards, he beats and humiliates them, uses them sexually and revels in his cruelty. This is the sequence in which Levinson risks going over the edge. It is hard to endure without averting one's eyes.

Now the boys are adults. Two (Ron Eldard, Billy Crudup) are New York's most notorious prisoners. Another (Brad Pitt) has become an assistant district attorney. The fourth (Jason Patric) is a newspaperman and narrator of the events.

When his two friends are charged with murder, Pitt volunteers to try the case (no one seems to know of his association with the accused).

He enlists Patric in a daring plan to throw the case and wreak vengeance on the vicious guards. Patric calls upon his underworld acquaintances and priest De Niro for help.

The plot and the trial are the most arresting parts of "Sleepers," especially with the contribution of Dustin Hoffman as the over-the-hill defense attorney.

Levinson has drawn fine performances from all his actors, including the four boys. Minnie Driver adds a welcome note of compassion as the quartet's sweetheart. Vittorio Gassman is riveting as a suave old don.

"Sleepers" is a Warner Bros. release produced by Levinson and Steve Golin. It opened in the United States on Friday.

Big . . .

Continued from page 1

duction costs at 25 cents per page;

• mileage at 25 cents per mile;

• long distance and cellular phone charges;

• telex, facsimile and electronic mail document charges at \$1.00 per page transmitted or received;

• postage;

• fees and costs associated with the

conduct of litigation; and

• recreational and/or administrative

support expenses incurred while away

from the contractor's office at the

direction of the contracting officer

or his designee.

The contract also stipulates the

establishment of a \$5,000 expense

account for Aloat to pay for reason-

ably foreseeable costs and expen-

ditures in the pursuit of his

duties. The account shall be re-

plenished within 30 days after an

expense accounting statement is

filed by Aloat.

Travel out of Saipan

Every time Aloat will be re-

quired to travel outside of Saipan (even to Rota or Tinian), in the performance of his functions, the CNMI government would have to pay him at the rate of \$250 for each six hour increment (or part thereof) spent away from Saipan, over and above his monthly retainer pay.

The charging begins from the time the contractor (Aloat) leaves his residence/office to begin travel and the time he returns to his residence/office.

Travel for Aloat outside the Commonwealth requiring more than two and a half hours shall be by the next available class of service above coach or economy class, first class if business class is not available.

He also reserves the right to select the transportation provider and itinerary, the contract says.

While traveling, Aloat will not be required to commit more than 12 hours of work and/or travel in any 24-hour period without an overnight break in travel.

Specific tasks

The agreement, Contract No. C60376-01, was signed by Gov. Froilan C. Tenorio last Sept. 3 and is effective for one year starting Sept. 1, 1996. It bears the signature of Tenorio executive assistant, Herman T. Guerrero as contracting party. It was approved and certified to be consistent to Procurement rules by Procurement and Supply Director Edward B. Palacios last Oct. 10.

Among Aloat's tasks stated under the contract are, at the direction of the governor, to:

• Provide legal and policy advice on Commonwealth, federal, international governmental relations;

• Develop statutes, regulations, policy statements, testimony on Administration initiatives;

• Assist in the development and implementation of strategies for integration of policy, legislation and administrative/judicial initiatives; and

• Conduct in-depth analysis of legal and policy implications of assigned issues or projects.

Sneaky . . .

Continued from page 1

time charged."

Aloat, Torres said, is getting paid three times more for the same work he (Torres) did as acting attorney general.

"I've a good feeling that fellow workers would be demoralized because of this," he said.

Torres, early last month, took

issue against Aloat's getting admitted to the CNMI bar even without taking the bar examination.

Calling Aloat "smarter than you think," Torres said the former attorney general (first... gets admitted, then he walks away from the job to go into private practice here."

But Aloat, in an interview, said he became a member of the bar by lawful means.

"I'm not quite sure what Mr.

Torres's problems are in this issue," Aloat said, "but I would emphasize this—one should be very careful of the implications of what it says about us as a society when one takes a general policy and personalizes it."

He added, however, that he doesn't believe Torres to be "solely driven by personal vendettas."

He did not elaborate.

Crime . . .

Continued from page 1

DPS has yet to release the autopsy result pending an ongoing investigation.

Meanwhile, the Crime Stoppers has also offered up to \$1,000 reward to anyone who could give information leading to the arrest of the suspect/s who vandalized the solar-powered 911 telephone facility at the Grotto diving site in Marpi.

Babauta said the suspect/s or their loved ones might need the phone facility for emergency one of these days.

It was discovered last week that the solar panel made of hard glass set atop a 10-foot pole is shattered. The phone, which cost \$4,500 to install, however, still works.

GTA . . .

Continued from page 1

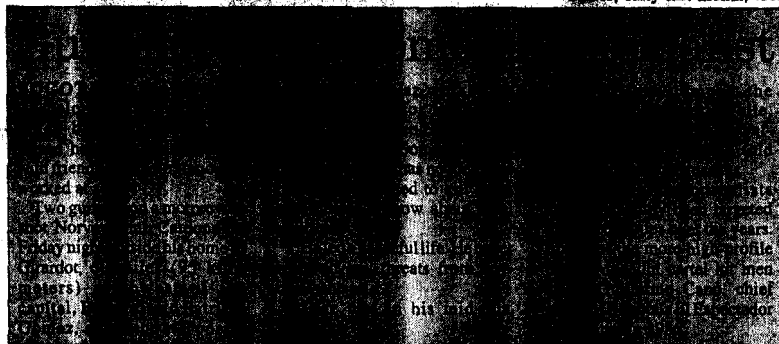
Guerrero is the chair of the House Committee on Public Utilities, Transportation and Communications.

Guerrero, in a letter to Ada, said he (Guerrero) has discussed with Benavente and Rep. Stanley T. Torres the "possibility of joining (Ada's lawsuit) against GTA via amicus curiae."

An amicus curiae (Latin for "friend of the court") is a person invited to advise a court on manner of law in a case to which he is not a party.

GTA, according to a Guam-based newspaper, will ask Ada to withdraw his lawsuit.

Guerrero in his letter to Ada, however, urged the Guam senator to pursue the lawsuit.



Parking a cart packed with all his belongings and decorated with a life-size doll of a semi-nude model, a homeless man relaxes himself beside uneven pair of boots on a sidewalk in downtown Tokyo, Japan on Friday. AP Photo

KEEP SAIPAN CLEAN & GREEN

EDGARDO HERONIMO

lost his wallet containing Entry Permit.

SSS, Driver's License, and Cash.

Anyone who found the wallet please

contact the Marianas Variety at

234-9797, 234-6341, or 234-7578

IVORY COLORED

1992 MAZDA 929

Low Mileage (30,000 only)

Like New; \$15,000.00

Excellent Condition & Maintenance

Call: 322-5004

234-6789

CHC expands programs to empower people on their health

By GEMMA Q. CASAS

The Commonwealth Health Center vowed yesterday to initiate more health-related activities and programs next year to empower people with their bodies.

Dr. Jon Bruus, medical director of public health said although educating the public about the advantages of getting a healthy body would be rather slow, it's a sure way of ensuring a healthier community.

Bruus is referring to the CNMI's National Food and Nutrition Advisory Council's 10-year action plan in promoting and protecting the health of the populace.

"To educate them [people] is a slow process, but gradually people will realize [what we are trying to do]," Bruus said.

Bruus noted that as the Commonwealth's economy grows and

goes it's ability to acquire food. He said the food abundance has something to do with people, consuming majority of the indigenous people's population.

"We see obese children. When they grow up they will still be the same. [Being such] they have higher risk [to acquire] diabetes, hypertension, heart disease," he said.

Not only are fat people prone to diseases but they too pose financial problems to the government. Bruus explained the government must protect the health of its people. But health care for the obese costs more. "This is a real problem," he said.

The Council's plan which was co-prepared by World Health Nutrition Consultants Jenny Reid, focuses on six strategies or action areas to address the concern which are as follows:



Steve

1. To ensure a sustainable CNMI National Food and Nutrition Advisory Council;

2. To develop a media strategy;

3. To develop a community nutrition and physical activity promotion strategy;

4. To develop a food and nutrition monitoring strategy;

5. To develop a national food security strategy; and,

6. To develop a food safety strategy.

The Commonwealth has an estimated population of 58,845, majority of which are alien work-

ers. The leading cause of death for the indigenous people is cancer with lung, breast, stomach, colon and cervical.

However, the total number of

combined death is associated with heart ailment owing to abundance of food. This plan is expected to be carried out this new year.

Governor opposes GTA's entry into the CNMI

In keeping with his commitment to ensure a competitive business climate for the telecommunications industry in the Commonwealth, Governor Proffitt C. Tenorio has filed action with the Federal Communications Commission (FCC) against the Guam Telephone Authority (GTA).

In a letter addressed to William F. Cason, Acting Secretary of the FCC, the Governor stressed that because GTA is "bolstered by virtually unlimited government financial support, GTA's participation in the Commonwealth

FCS marketplace fundamentally threatens competition.

The Governor acted only after he had repeatedly cautioned GTA to wait until it had privatized before bidding on the Northern Mariana market. In filing action, the Governor referred to the intent of Section 253 of the FCC Code, "which places the ultimate burden of ensuring universal service upon state and local regulatory authorities."

The Governor has company in questioning GTA's authority to do business in the Commonwealth. On October 2, 1996,

Guam Senator Tom Ada filed a Complaint for Declaratory Judgment, Injunction, and Damages against GTA in the Superior Court of Guam. He pointed out that GTA could not legally enter markets outside of Guam. The case is still pending.

"I will continue to take all actions necessary to provide fair competition in the CNMI. It is against sound economic principles to allow a government entity to compete with private enterprise," Governor Tenorio said.

Something BIG is happening at the Gold Coast (formerly MITA)

BIG

ON QUALITY.
ON SAVINGS.

Now at
Gold Coast Garapan

\$10 to \$12!

\$2.99!

\$4.50 to \$12!!!



DIAMOND'S
HOTELS

\$18.00

CHAMPAGNE SUNDAY BRUNCH

And Special Christmas Day
and New Year's Day Brunch

Plumeria Restaurant 11:00 am - 1:30 pm

Kids 4-11 - \$12.00

Try it, you'll love it!

SAIPAN DIAMOND HOTEL

\$7.00 ALL-YOU-CAN-EAT CHINESE BUFFET

Kongo Hanten Chinese Restaurant
EVERYDAY 11:30 AM - 1:30 PM

Menu changes daily - Iced Tea included

CALL US NOW TO BOOK YOUR
WEDDING RECEPTION - CHRISTENING
BANQUET - BIRTHDAY PARTY

TEL: 234-5500
FAX: 234-5509

12/31/96 TRIB

**PUBLIC UTILITIES COMMISSION
SPECIAL MEETING
SEPTEMBER 19, 1996
6:00 P.M.
SUITE 400, GCIC BUILDING
414 WEST SOLEDAD AVENUE, AGANA, GUAM**

A special meeting of the Guam Public Utilities Commission was convened upon due and lawful notice at Suite 400 GCIC Building at 6:00 p.m., September 19, 1996. Commissioners Brooks Lum, Gumataotao, Perez, and Moylan were present. The agenda of the meeting is attached to these minutes. The following matters were considered and acted upon.

1. Approval of Minutes:

The Commissioners reviewed and unanimously approved the minutes of its August 5, 1996 meeting.

2. Docket 95-001 - GPA Maintenance Surcharge:

GPA and Georgetown have stipulated to the need to amend their January 29, 1996 maintenance surcharge stipulation, which anticipates that the Commission will establish an FY97 surcharge prior to October 1, 1996. GPA has not made the requisite filings, due to other pressing matters [CSA transition and emergency generation procurement] which are necessary for the Commission establish an FY97 surcharge. Accordingly, GPA and Georgetown propose through a stipulation amendment that the existing surcharge continue in place, subject to rebate or reparation adjustment, until a FY97 surcharge is established in either December or January. Navy has no objection to this interim measure. After discussion and on motion made seconded and unanimously carried, the Commission

ORDERED that the stipulation amendment dated September 18, 1996 between GPA and GCG [copy attached] be and is hereby approved.

3. Docket 96-006 - GTA Interconnection and Resale:

The Commissioners were provided, for their information, with a copy of a stipulation under consideration by the GTA board of directors, by which GTA would:

- i) waive any right to pursue an exemption under §251(f)(a) of the 1996 Telecommunications Act; and ii) commit to negotiate Interconnection and resale arrangements with interested parties.



BEFORE THE PUBLIC UTILITIES COMMISSION
TERRITORY OF GUAM

APPLICATIONS FOR)
GUAM TELEPHONE AUTHORITY)
INTERCONNECTION AND RESALE UNDER)
THE 1996 TELECOMMUNICATIONS ACT)

DOCKET 96-006

STIPULATION

Guam Telephone Authority and Georgetown Consulting Group, Inc. stipulate that:

1. GTA asserts that its designation as a "rural telephone company" pursuant to section 3(37) of the Act is consistent with that Act and is necessary to assure that GTA is in compliance with the Act and with presented rules, regulations and policies of the Federal Communications Commission (FCC). GTA intends to pursue this designation in current FCC proceedings.

2. GTA shall not request a determination, pursuant to Section 251(F) (1) (A) of the Act, that bonafide requests for interconnection, resale services, and/or unbundled network elements are unduly economically burdensome or technically infeasible nor shall GTA in any way seek to forestall or inhibit the development of competition on Guam. GCG has no current basis to challenge this position.

3. GTA will commence negotiations for interconnection, resale services and/or unbundled network elements with telecommunications carriers pursuant to Section 252 of the Act.

4. GTA will file tariffs with the FCC and the PUC as appropriate to continue implementation of its Integrated Compliance Plan. GTA's application to the PUC will propose appropriate provisions and adjustments for interconnection, resale services and/or unbundled networks elements.

GUAM TELEPHONE AUTHORITY

GEORGETOWN CONSULTING GROUP, INC.

FACSIMILE MESSAGE
GUAM CABLE TELECOMMUNICATIONS
Phone: 671-477-8255
FAX: 671-477-7341
e-mail: ricn@iftech.net
page 1 of 1

Date: February 13, 1997

To: **Vincente M. Camacho**
GTA General Manager
VIA FAX: 649-4821

From: Ric Novak

RE: Good Faith Negotiations

/

Dear Mr. Camacho,

/

On April 26th, 1996 we formally wrote GTA and the Governor of Guam of our desire to open a dialogue of good faith negotiations on issues such as but not limited to resale, unbundled access, participation in public telecommunications network planning, access to rights of way and conduit, per the Telcom Act of 1996.

/

During the GTA oversight hearing conducted at the Guam Legislature building on Wednesday, February 12, 1997 you stated, "The Telcom Act opened the door for competition and there was a stipulation that was signed between GTA and the PUC to do negotiating with the other companies who want to enter the local market. We're ready."

/

Mr. Camacho we also are ready. Please let us know whether we may meet with you at 9:00 A.M., Tuesday, February 18, 1997. If Tuesday is inconvenient, please propose another date next week.

/

Regards



Ric Novak

CC: Mr. Terrence Brooks, Chairman, Public Utilities Commission - 477-5790
The Honorable Senator Carlotta Leon Guerrero - 477-1323
The Honorable Senator Tom Ada - 477-7281

FAXED ALL 2/26/97
CJW/S-10P.

FACSIMILE MESSAGE
GUAM CABLE TELECOMMUNICATIONS
Phone: 671-477-8255
FAX: 671-477-7341
e-mail: ricn@iftech.net
page 1 of 1

Date: February 26, 1997

To: **Vincente M. Camacho**
GTA General Manager
VIA FAX: 649-4821

From: Ric Novak

RE: Good Faith Negotiations

/

Dear Mr. Camacho,

/

On February 13th, 1997 we asked you to meet with us on February 18th, 1997 at 9:00AM to commence good faith negotiations as outlined in the Telcom Act of 1996. On our way to meet with you we received a call informing us you were unavailable and would call later in the week to arrange a subsequent meeting. We have not heard from your office since this time.

/

Please let us know tomorrow when you will be available to meet with us.

/

Regards,

Ric Novak

CC: Mr. Terrence Brooks, Chairman, Public Utilities Commission - 477-5790
The Honorable Senator Carlotta Leon Guerrero - 477-1323
The Honorable Senator Tom Ada - 477-7281

GTA

Guam Telephone Authority

Post Office Box 9008 • Tamuning, Guam 96931 • Telephone: 648-8607 • Fax: 648-4821

February 28, 1997

Mr. Ric Novak
Guam Cable Telecommunications, Inc.
530 West O'Brien Drive
Agana, Guam 96910


Dear Mr. Novak:

Please be advised that GTA is now ready and willing to begin negotiations pursuant to the Telecommunications Act of 1996, §251 and 252.

You requested such negotiations in April and May of last year.

To help facilitate negotiation, I suggest you submit a written contract specifying the services you want and the terms and conditions you are willing to accept.

Sincerely yours,


Vicente M. Camacho
General Manager

xc: Board of Directors
Fred E. Bordallo, Esq.
Veronica M. Ahern, Esq.
Public Utilities Commission



FA-21
4/28/97 4:50P
Cruz

FACSIMILE MESSAGE
GUAM CABLE TELECOMMUNICATIONS
Phone: 671-477-8255
FAX: 671-477-7341
e-mail: ricn@iftech.net
page 1 of 1

Date: April 9, 1997

To: **Vicente M. Camacho** ✓
GTA - General Manager
Via Fax: 649-4821

From: Ric Novak

RE: Telecommunications Services Wholesale Resale

/

Dear Mr. Camacho,

/

Please provide us with a wholesale pricing standard that equals GTA's existing retail rate for local exchange services, less avoided retail costs such as, but not limited to marketing, billing, and collection costs. We would consider the FCC recommended discount range of 17% to 25% an acceptable wholesale rate.

/

Sincerely,

Ric Novak

CC: Honorable Senator Tom Ada - 477-7281 ✓
Honorable Senator Carlotta Leon Guerrero - 477-1323 ✓
Mr. Terrence Brooks, Chairman, Guam PUC - 477-5790 ✓